



K. Chad Burgess
Director & Deputy General Counsel

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February 23, 2018

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Natural Gas Agreement between South Carolina Electric & Gas Company and SC Pet Food Solutions, LLC

Dear Ms. Boyd:

Pursuant to 10 S.C. Code Ann. Regs. 103-403, South Carolina Electric & Gas Company ("SCE&G") hereby files and seeks approval of the enclosed Agreement for Transportation Service with Firm Gas Standby between SCE&G and SC Pet Food Solutions, LLC and the First Amendment to Agreement for Transportation Service with Firm Gas Standby between SCE&G and SC Pet Food Solutions, LLC. ("Contracts").

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff with copies of the Contracts.

If you have any questions, please advise.

Very truly yours,

K. Chad Burgess

KCB/kms
Enclosure

cc: Jeffrey M. Nelson, Esquire
Dawn Hipp
(both via electronic mail and U.S. First Class Mail w/ enclosure)

ORIGINAL

AGREEMENT FOR TRANSPORTATION SERVICE
WITH FIRM GAS STANDBY

This Agreement made and entered into this 19th day of February, 2018, by and between SOUTH CAROLINA ELECTRIC & GAS COMPANY, its successors and assigns, hereinafter called "Seller" and SC PET FOOD SOLUTIONS, LLC, its successors and assigns, hereinafter called "Buyer".

WITNESSETH

WHEREAS, Seller owns and operates a natural gas system in the State of South Carolina which supplies natural gas for certain industrial operations under specific contracts with industrial customers, and

WHEREAS, Buyer has requested that Seller install the necessary facilities to provide for Buyer's natural gas requirements on a firm basis, and

WHEREAS, Buyer has requested that Seller transport certain volumes of natural gas belonging to Buyer through Seller's facilities and deliver said volumes of gas to Buyer to displace purchases of Firm gas from Seller's system supply, and

WHEREAS, Buyer has requested that Seller provide Firm natural gas from Seller's system supply when not providing transportation services for Buyer, and

WHEREAS, Buyer has agreed to purchase natural gas from Seller according to the terms and conditions of this Agreement to the extent Buyer has a requirement for fuel in Priority-of-Service Category 2 as set forth in Article III, Paragraph 1, of the General Terms and Conditions to Industrial Service Agreements hereto attached, for Buyer's facility located at 1299 Duncan Road, Ward, South Carolina.

NOW THEREFORE, in consideration of the covenants and agreements hereinafter set forth, to be kept and performed by the parties hereto, it is mutually agreed as follows:

1. SCOPE OF DELIVERY

(A). FIRM GAS, PRIORITY-OF-SERVICE CATEGORY 2

Seller acknowledges that Buyer may utilize a source of gas other than system supply gas from Seller's sources. Buyer's gas may be transported to Buyer by Seller under the Transportation services provision of this Agreement. Natural gas is provided hereunder to satisfy Buyer's requirements when Seller is not providing transportation services.

Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, up to the Maximum Daily Quantity of natural gas which shall not be subject to interruption or curtailment except for conditions as set forth in Article IV,

Paragraph 3, of the General Terms and Conditions hereto attached. The Maximum Daily Quantity of Firm Gas shall be 1,675 dekatherms per day. Any gas taken by Buyer above the Maximum Daily Quantity, after notice from Seller of curtailment to the Maximum Daily Quantity, without Seller's advance approval, shall be Unauthorized Overrun Gas and shall subject Buyer to the penalty rate per dekatherm set forth in Article IV, Paragraph 5, of the General Terms and Conditions to Industrial Service Agreements hereto attached. Deliveries of Firm Gas under this paragraph of the Agreement shall be utilized by Buyer only in Priority-of-Service Category 2 as set forth in Article III, Paragraph 1, of the General Terms and Conditions hereto attached. Buyer shall purchase all gas tendered by Seller up to the Maximum Daily Quantity whenever and to the extent Buyer has a requirement for fuel in the Priority-of-Service Category set forth herein.

(B) ADJUSTMENT TO MDOs

For the first six (6) months following the date of initial service, Seller shall adjust Buyer's Maximum Daily Quantity on a monthly basis. Seller shall adjust Buyer's Maximum Daily Quantity to the Buyer's actual Maximum Daily Quantity for the billing month or 500 dekatherms, whichever is greater. After the first six (6) months from the Initial Service Date, Seller shall adjust Buyer's Maximum Daily Quantity to 1,675 dekatherms per day as stated in Paragraph 1(A).

For the second year and each subsequent year following the date of initial service, Seller shall adjust Buyer's Maximum Daily Quantity on an annual basis. The annual adjustment shall be the greater of the Buyer's actual Maximum Daily Quantity over the preceding twelve (12) months or 1,675 dekatherms.

2. HOURLY DELIVERIES

Seller shall not be obligated to make hourly deliveries of gas pursuant to Paragraph 1(A) above at an hourly rate exceeding 110 dekatherms per hour. Seller reserves the right to regulate the flow of gas delivered hereunder by means of automatic or manually operated flow control valves so as to limit the hourly flow of gas within the specified quantity.

3. POINT OF DELIVERY

The Point of Delivery for all gas delivered hereunder shall be at the outlet side of Seller's measuring and regulating equipment. The measuring equipment shall be installed on the Buyer's property at a location mutually agreed upon by Seller and Buyer. All gas shall be delivered at this location and it shall be the Buyer's responsibility to extend all fuel lines from this location to the point or points of usage.

4. DELIVERY PRESSURE

Seller agrees to use due care and diligence to furnish gas hereunder at such uniform pressure as Seller may elect up to, but not exceeding 35 pounds per square inch gauge, and not less than 20 pounds per square inch gauge, at the "Point of Delivery". Buyer shall be responsible for the installation and operation of adequate safety equipment downstream of the Point of Delivery so as to relieve or control pressure variations within the limits described above that may, for any reason through malfunction of Seller's equipment or otherwise, occur on Buyer's side of the "Delivery Point".

5. TRANSPORTATION SERVICE

(a) SCOPE OF SERVICE

Seller agrees to accept deliveries of natural gas belonging to Buyer at Seller's delivery point from the upstream pipeline and to transport Buyer's gas and redeliver to Buyer. Service provided hereunder is in lieu of natural gas provided from system supply. Buyer agrees that the transportation service is provided on an interruptible basis. Interruptions shall be at the sole discretion of Seller or whenever service is interrupted by any upstream pipeline.

(b) NOMINATION PROCEDURES

Seller agrees to accept and transport up to 1,675 dekatherms, excluding shrinkage volumes, of natural gas on a daily basis. Buyer will notify Seller at least five (5) days prior to the end of the month the volumes of gas, in dekatherms, to be transported on a daily basis during the next calendar month. Buyer has the right to change the volume to be transported during the month on a daily basis. It is Buyer's responsibility to notify producers and connecting pipelines regarding any change in transportation volumes. Seller will accept changes in daily volumes dispatched from an upstream pipeline; however, Seller reserves the right to limit or restrict the volumes accepted and transported at any time whenever, in Seller's sole opinion, operating conditions warrant a limitation or restriction on the acceptance or delivery of transportation gas. Limitations or restrictions may be because of, but not limited to, the utilization of deliverability capacity of Seller for Seller's system supply requirements.

(c) TRANSPORTATION RATE

Each month, beginning April 1, 2019, the rate for daily volumes transported for and delivered to Buyer shall be one dollar (\$1.00) per dekatherm.

(d) SHRINKAGE

Seller will retain 3% of all volumes delivered to Seller on Buyer's behalf for shrinkage and line losses. The volumes retained by Seller will not create or contribute to an imbalance. Seller reserves the right to adjust the shrinkage factor, up or down, to account for actual line losses. Seller agrees to give Buyer thirty (30) days written notice of any adjustment.

(e) BALANCING

The volume of gas received on a daily basis for Buyer's account may not equal the volume, less shrinkage, delivered to the Buyer. ~~The result will be deemed an imbalance. Buyer's account will be reviewed at the end of each month, or on termination of Transportation Service, or curtailment or discontinuance thereof.~~ If the net imbalance is such that the Buyer has received more gas than was delivered to the Seller during the period under review, Buyer shall be billed for such as standby service referenced in Rate 35, attached as Exhibit A. If the net imbalance is such that the Buyer has received less gas than was delivered to the Seller, the Seller will buy excess gas at Seller's lowest delivered purchase price in that month from any of Seller's suppliers.

Daily volumes transported by Seller shall not exceed the Contract Maximum Daily Quantity specified in Paragraph 1, SCOPE OF DELIVERY. In the event a daily volume is delivered to Seller which exceeds the Contract Maximum Daily Quantity, the excess daily volumes will be purchased by Seller at Seller's lowest delivered price from any of Seller's suppliers.

(f) POSSESSION OF GAS

After Buyer delivers gas or causes gas to be delivered to Seller at the point(s) of receipt hereunder, Seller shall be deemed to be in control and possession of the gas until it is redelivered to Buyer at the point of delivery. Buyer shall have no responsibility with respect to any gas deliverable by Seller or on account of anything which may be done, happen or arise, with respect to such gas until Seller delivers such gas to Buyer or for the account of Buyer. Seller shall have no responsibility with respect to such gas before Buyer delivers such gas to Seller or after Seller redelivers such gas to Buyer or on account of anything which may be done, happen or arise with respect to such gas before such delivery or after such redelivery.

(g) WARRANTY OF TITLE TO GAS

The Buyer warrants for itself, its successors and assigns, that it will at the time of delivery to Seller for transportation have good and merchantable title to all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. Buyer will indemnify Seller and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas, including claims for any royalties, taxes,

license fees or charges applicable to such gas or to the delivery thereof to Seller for transportation.

(h) PRIORITY AND ALLOCATION OF TRANSPORTATION SERVICE

It is acknowledged by Buyer that other end-users of natural gas may from time to time contract with Seller for the transportation of natural gas owned by them. In the event that available capacity or operating conditions exist which limit the acceptance by Seller of natural gas to an amount that is less than the aggregate volume of all such natural gas tendered for transportation and redelivery by any or all end-users that have contracted with Seller for transportation service, the following priorities and allocations shall apply:

- (1) All natural gas purchased by Seller for its system supply or otherwise owned by Seller shall have the highest priority of acceptance into Seller's system and the highest priority of delivery throughout Seller's system.
- (2) The priority of acceptance of natural gas owned by end-users, whoever they may be from time to time, and tendered to Seller's system for redelivery thereof shall be based upon the category of service, pursuant to the General Terms and Conditions to Industrial Service Agreements attached hereto, for which Seller has agreed to provide standby service associated with a Transportation Agreement with any such end-user. Higher priorities of standby service pursuant to individual agreements between Seller and end-users shall determine the priority of acceptability and redeliverability of natural gas tendered to Seller for transportation in accordance with the priority categories in the Curtailment Plan. If any Transportation Agreement between Seller and an end-user does not contain a provision for standby service and a specified category of service with respect to said standby service provision, then the acceptability and redeliverability of any natural gas tendered by such end-user to Seller shall have the lowest priority of acceptability and redeliverability.
- (3) In the event that the total volume of natural gas tendered to Seller for acceptance and redelivery relative to a single category of standby service is greater than the capacity determined by Seller to be available for acceptance and redelivery of natural gas in said category of standby service, then acceptance and redelivery of such tendered gas shall be allocated pro rata based upon the contract volumes in all agreements for transportation service containing said category of standby service on the Seller's system.
- (4) The determination of the existence of limitations on capacity or operating conditions which limit the acceptability or deliverability of natural gas tendered to Seller for transportation shall be at the sole discretion and judgment of Seller.

(i) SPECIAL PROVISIONS

- (1) The Buyer bears sole responsibility for costs incurred to deliver transportation gas to Seller,
- (2) Buyer shall be required to reimburse Seller for any out-of-pocket expenses incurred in connection with the initiation and rendering of service under this Transportation Agreement.
- (3) Seller retains sole discretion as to whether or not a particular Buyer or particular Buyers shall receive service pursuant to Transportation Agreements.
- (4) It is contemplated that service pursuant to this Transportation Agreement shall be provided within the existing limitations of Seller's system, and Seller shall not be required to expand or alter the said system.
- (5) Transportation service may be curtailed or discontinued at the sole option of Seller after not less than two (2) hours advance notice by telephone or otherwise. However, the Buyer shall continue to hold title to any gas (less shrinkage) received by Seller and not delivered prior to such curtailment or discontinuance. Seller will notify Buyer when conditions permit Seller to resume transportation service.

6. INITIAL SERVICE

Buyer agrees to begin purchasing natural gas under the terms and conditions of this Agreement at 10:00 A.M. Eastern Time on the Delivery Date or as soon thereafter as Buyer and Seller have their respective facilities installed. Unless such date is extended as set forth herein; Seller is unable to acquire necessary and appropriate right of way for reasons outside of Seller's control, including but not limited to, a challenge by a landowner to Seller's eminent domain powers to the extent it is not commercially reasonable for Seller to change the route of the pipeline.

7. TERM OF AGREEMENT

This Agreement shall become effective on April 1, 2019, and shall continue in full force and effect through March 31, 2024, and from month to month thereafter unless either party shall give written notice of intention to terminate at least thirty (30) days prior to the expiration of the original term or any one month extension thereof.

8. RATE

In consideration of Buyer's requirements for Firm Natural Gas service for Priority-

of-Service Category 2 Buyer agrees to pay Seller the charges set forth below:

Gas volumes will be corrected for BTU content, pressure, temperature, supercompressibility, specific gravity, and other factors where applicable.

(A) FIRM NATURAL GAS, PRIORITY-OF-SERVICE CATEGORY 2

- (1) Demand Charge - The monthly demand charge for Firm Natural Gas service shall be calculated by multiplying the Maximum Daily Quantity (MDQ) of 1,675 dekatherms by the demand charge rate of \$8.00 per dekatherm.
- (2) Standby Demand Charge - The monthly standby charge for Firm Natural Gas service is effective in the winter months of ~~November~~ through April, only, and shall be calculated by multiplying the Maximum Daily Quantity (MDQ) of 1,675 dekatherms by the demand charge rate of \$6.00 per dekatherm.
- (3) Commodity Charge - Each month, the commodity charge for daily volumes of Firm Natural Gas service delivered by Seller from Seller's system supply to Buyer in Priority-of-Service Category 1 shall be one dollar (\$1.00) per dekatherm plus Seller's Commodity Cost of Gas. Seller's Commodity Cost of Gas shall be the commodity price at the NYMEX closing date plus any applicable shrinkage and transportation charges on upstream pipelines.

(B) COMPETITIVE FUEL RATE (GAS-TO-GAS)

- (1) Seller acknowledges that Buyer also has the capability to use transported gas to satisfy Buyer's requirements in Priority-of-Service Category 1. Buyer and Seller hereby agree that Seller has the opportunity to bid a price to Buyer to displace Buyer's transported gas in accordance with the procedures of this Paragraph 7(B).
- (2) Seller agrees to provide Buyer with notice, verbally, or in writing, before the end of each calendar month of the price at which Seller is able to sell gas to Buyer for the next ensuing calendar month to displace transportation gas.
- (3) Buyer agrees to respond to Seller, verbally by telephone, or in writing, prior to the beginning of the next ensuing calendar month, that Buyer accepts or rejects Seller's offer.
- (4) In the event Buyer accepts Seller's offer, Buyer may not discontinue the purchase of natural gas for Buyer's fuel requirements hereunder.

(5) In the event Buyer rejects Seller's offer, and elects to transport Buyer's own gas, then Buyer shall have no obligation to purchase any gas from Seller's system supply.

(6) In no event will the cost of natural gas as determined by this paragraph, exceed the standby commodity charge referenced in Rate 35, attached as Exhibit A.

9. BILLING VOLUMES

For the purpose of billing, the parties agree that the first gas delivered through the Point of Delivery shall be the volumes transported for Buyer on a daily basis pursuant to the transportation service specified in Paragraph 5 herein. All volumes in excess of the transported volumes will be considered as having been delivered from Seller's system supply pursuant to the standby provisions of this Agreement.

10. ANNUAL MINIMUM

In consideration of Seller's investment in the facilities required to provide Buyer's requirements in Priority-of-Service Category 2, Buyer agrees to use a minimum of 470,000 dekatherms of natural gas annually during the contract term. The contract term will be the period beginning on April 1, 2019, or as soon thereafter as Buyer and Seller have their respective facilities installed and continuing for five (5) full calendar years. This minimum quantity may be satisfied by the use of Firm or Transportation gas provided hereunder. Deficit volumes in any contract year will be billed at One dollar (\$1.00) per dekatherm. Notwithstanding anything to the contrary in Section 7 above, Buyer shall have the right to remove Annual Minimum Paragraph 10 from this Agreement prior to March 31, 2024, if and when it has received a minimum of 2,350,000 dekatherms under this Agreement.

11. CANCELLATION

In the event that this contract is cancelled by Buyer for any reason, the Buyer, in addition to all other sums due under this Agreement, shall pay to the Seller a cancellation charge which is Seller's investment in facilities required to provide service to Buyer less accumulated depreciation, plus the costs of removal and less salvage.

12. CREDITWORTHINESS

Seller, in order to satisfy itself of the ability of the Buyer to meet its obligations under the contract, may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Buyer agrees to assist in these reviews by providing financial information and at the request of the Seller, will maintain such credit support or surety including, but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

13. ASSIGNMENT

Customer shall not assign this Agreement or its rights hereunder without the prior written consent of the Company, which consent may be withheld in the exercise of its sole discretion.

14. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions to Industrial Service Agreements attached hereto and duly executed by both parties, are hereby incorporated in and made a part of this Service Agreement. Should there be any conflict between any portion of the General Terms and Conditions to Industrial Service Agreements and this Agreement, the parties agree that the Agreement shall prevail.

15. NOTICES

All correspondence required of Buyer and Seller under this Agreement is to be addressed as follows:

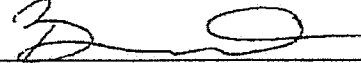
To Seller: South Carolina Electric & Gas Company
Large Customer Group, Mail Code B-102
Cayce, SC 29033

To Buyer: SC Pet Food Solutions, LLC
601 North 13th Street
Monett, MO 65708

IN WITNESS WHEREOF, this Agreement has been executed on the date first above written by the parties hereto by their officers or other representatives.

SC PET FOOD SOLUTIONS, LLC

Buyer



By

Director

Title

2/17/2018

Date

SOUTH CAROLINA ELECTRIC & GAS
COMPANY

Seller



By William G. Watkins

Manager – Large Customer Accounts & Services

Title

2/17/2018

Date

Exhibit A

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GAS

RATE 35

TRANSPORTATION AND STANDBY SERVICE

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AVAILABILITY

Transportation service is available to any customer who has firm requirements of 50 Dekatherms Maximum daily Quantity (MDQ) or greater and, who owns and delivers gas to the Company at an acceptable point of connection, for delivery by the Company to the customer's regular point of service.

Service will be supplied at the best efforts of the Company, and may be restricted from time to time due to operating limitations on the Company's system or from third party restrictions. In the event of such limitations, the transportation service is subordinate to service under all other rate schedules and may be curtailed or interrupted, normally upon not less than two hours advance notice, or, when necessitated by conditions affecting the Company's gas system, upon less than two hours advance notice.

RATE PER MONTH

Transportation Service

Monthly Demand Charge:

First	50 Dekatherms @	\$805.50
Excess over	50 Dekatherms @	\$8.25 per Dekatherm
Commodity Charge @	QS @	\$1.00 per delivered Dekatherm

DETERMINATION OF BILLING DEMAND

- (a) **Billing Months of November-April:**
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.
- (b) **Billing Months of May-October:**
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) 50% of the contract MDQ; or (3) 50% of the highest MDQ occurring during any of the preceding billing months of November-April; or (4) 50 Dekatherms.

Standby Service

In addition to the demand charges for transportation service the following charges will apply for gas supplied by the Company.

- (a) **Billing Months of November-April:**
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.

Demand Charge @	\$5.00 per Dekatherm
Commodity Charge @	\$1.00 per Dekatherm

- (b) **Billing Months of May-October:**

Demand Charge @	None
Commodity Charge @	\$1.00 per Dekatherm

MINIMUM CHARGE

The monthly minimum charge shall be the demand charges as determined above.

ADJUSTMENT FOR RECOVERY OF GAS COSTS

The commodity charges above include gas costs of \$5.4395 per dekatherm. These charges are subject to adjustment by order of the Public Service Commission of South Carolina.

DELIVERED GAS QUANTITY

When separate metering is not feasible, the Company shall assume for billing purposes, unless otherwise agreed to, that such metered volumes reflect deliveries under this rate schedule prior to gas received under any other rate schedule.

The quantity of transportation gas received into the Company's system for the customer's account to be delivered to the customer by the Company shall be reduced by 3% in measurement for a loss and unaccounted for gas.

Effective For Bills Rendered On and After the 1st Billing Cycle of November 2017

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GAS

RATE 35

TRANSPORTATION AND STANDBY SERVICE

(Page 2 of 2)

DELIVERED GAS QUANTITY

The volume of gas received on a daily basis for customer's account may not equal the volume, less shrinkage, delivered to the customer. This result will be deemed an imbalance. Customer's account will be reviewed at the end of each month, or on termination of Transportation Service or curtailment or discontinuance thereof. If the imbalance is such that the customer has received more gas than was delivered to the Company during the period under review, customer shall be billed for such as standby service. If the imbalance is such that the customer has received less gas than was delivered to the Company, the Company may exercise one of two options, in its sole discretion. The Company may: (1) deliver the excess gas to the customer, over the next calendar month succeeding the review, at such times as the Company shall determine in its sole discretion; or (2) buy excess gas at Company's lowest delivered purchase price in that month from any of Company's suppliers.

LIABILITY

The Company shall not be liable for curtailment of service under this rate schedule or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

Gas shall be and remain the property of the customer while being transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

The Company shall not be liable for any loss to the customer arising from or out of service under this rate schedule, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the customer with other supplies.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The customer shall execute an Agreement of Service with the Company which shall specify the minimum daily volume of gas to be transported, the period of time that the Company will receive such gas, and all conditions under which delivery to the Company will be accepted and delivery to the customer will be made. The customer must provide the Company with all necessary documentation of ownership and authorization required by any regulatory body with jurisdiction.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

ANNUAL NOMINATION

Customers must elect to receive a) Transportation Service only, b) Transportation Service with Standby Service, or c) Standby Service only for each applicable period. Such elections must be made to the Company in writing by October 15th of each year to be effective for each month during the period November 1st to October 31st following. New customers under this tariff shall elect volumes at the time their service contract becomes effective. If no prior election has been made then the customer will receive Standby Service only. If any customer fails to make a timely election, then the prior period election will carry over for the following period. All elections shall be binding for the duration of the November 1st to October 31st period and may not be revoked, suspended or modified by the customer.

Effective For Bills Rendered On and After the first Billing Cycle of November 2017

ORIGINAL

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GENERAL TERMS AND CONDITIONS TO INDUSTRIAL SERVICE AGREEMENTS FOR GAS

Article I GENERAL

These Terms and Conditions of Industrial Service Agreements are supplementary to the Rules and Regulations issued by the Public Service Commission of South Carolina and the General Terms and Conditions of South Carolina Electric & Gas Company as provided by the Public Service Commission of South Carolina.

The provision of these Terms and Conditions apply to all persons, partnerships, corporations or others designated as industrial users who are lawfully receiving gas service from South Carolina Electric & Gas Company under rate schedules or service agreements filed with the Commission. To the extent these Terms and Conditions conflict with the General Terms and Conditions for natural gas service, the General Terms and Conditions for natural gas service control. South Carolina Electric & Gas Company is referred to herein as "Seller", and the user or prospective user is referred to as "Buyer". The Public Service Commission of South Carolina is referred to herein as "Commission".

Article II DEFINITIONS

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meaning as follows:

1. "Day" shall mean a period of twenty-four (24) consecutive hours beginning at 12:00 A.M. Eastern Time or at such other hours as may be designated.
2. "Month" shall mean the period between any two (2) regular readings of Seller's meters which shall be not less than twenty-eight (28) days or more than thirty-four (34) days.
3. "Year" shall mean a period of 365 days commencing with the day of first delivery of gas hereunder, and each 365 days thereafter except that in a year having a date of February 29th, such year shall consist of 366 days.
4. "Cubic foot of gas" shall mean the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of sixty degrees Fahrenheit (60°F) and under an absolute pressure of fourteen and seventy-three hundredths pounds per square inch (14.73 psia).
5. "CCF" shall mean one hundred (100) cubic feet of gas.
6. "MCF" shall mean one thousand (1000) cubic feet of gas.
7. "BTU" shall mean a British Thermal Unit and is the amount of heat required to raise the temperature of one (1) pound of water 1° Fahrenheit at 60° Fahrenheit.
8. "MMBTU" shall mean one million British Thermal Units.
9. "Therm" shall mean the quantity of heat energy which is 100,000 British Thermal Units.
10. "Dekatherm" (d) shall mean the quantity of heat energy which is 1,000,000 British Thermal Units.
11. "Natural Gas" or "Gas" shall mean natural gas, processed or unprocessed, vaporized liquid natural gas, synthetic gas, propane-air mixture, landfill gas, other unconventional source of methane gas or any mixture of these gases.
12. "Firm Service" shall mean service from rate schedules and/or contracts under which Seller is expressly obligated to deliver specific volumes within a given time period and which anticipates no interruptions but which may permit unexpected interruptions in case the supply to higher priority customers is threatened.
13. "Interruptible Service" shall mean service from rate schedules and contracts under which Company is not expressly obligated to deliver specific volumes within a given time period, and which anticipates and permits interruption on short notice, or service under rate schedules or contracts which expressly or impliedly require installation of alternate fuel capability.
14. "Commercial Service" shall mean service to Customers engaged primarily in the sale of goods or services including institutions and local, state and federal government agencies for uses other than those involving manufacturing or electric power generation.
15. "Industrial Service" shall mean service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.
16. "Plant Protection Gas" shall mean the minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. A determination will be made by the Seller of minimum volumes required. Such essential volumes will be dispatched accordingly.
17. "Feedstock Gas" shall mean natural gas used as a raw material for its chemical properties in creating an end product.
18. "Process Gas" shall mean gas used for which alternate fuels, other than other gaseous fuel, are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics.
19. "Boiler Fuel" shall mean natural gas used as fuel for the generation of steam and in internal combustion turbine engines for the generation of electricity.
20. "Alternate Fuel Capability" shall mean a situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed; provided however, where the use of natural gas is for plant protection, feedstock or process uses and the only alternate fuel is propane or other gaseous fuel, then the Buyer will be treated as if he had no alternate fuel capability if such fuel is unavailable for serving fuel needs.
21. "Gas Supply Deficiency" shall mean any occurrence relating to Seller's gas supply which causes Seller to deliver less than the total requirements of its system, including failures of suppliers to deliver gas for any reason, requirement of gas for system storage, conservation of gas for future delivery, or any other occurrence not enumerated herein which affects Seller's gas supply.
22. "Storage Injection Requirements" shall mean all volumes required by the Seller for injection into underground storage, including cushion gas, and for liquefaction, including fuel used for injection in liquefaction plants, or for such other storage projects that may be developed expressly for the protection of supply to high priority users.
23. "Seller Use" shall mean fuel used for gas compression, LPG plants and LNG plants, other gas needed by Seller's facilities to furnish the requirements of Buyers, together with unaccounted for gas. This gas shall be considered included in Priority of Service Category 1. Other vital uses of Seller, such as flame stabilization requirements, will be met as long as such uses do not jeopardize service to its firm service Buyers.
24. "Essential Human Needs" shall mean natural gas service, which, if denied, would cause shutdown of an operation resulting in the closing of an establishment essential to maintaining the health and safety of the general public.
25. "The Point of Delivery" shall be at the outlet side of the Seller's measuring equipment and regulating equipment.
26. "Emergency Service" shall mean supplemental deliveries of natural gas that may be required to forestall irreparable injury to life or property including environmental emergencies.

Article III CURTAILMENT OF SERVICE

1. In the event of a Gas Supply Deficiency on the Seller's system, the Seller shall require curtailment of service to Buyer in accordance with the following procedure:
 - a. The Seller shall order curtailment of sales made to Buyer's purchasing gas under the Seller's rate schedules or special contracts in descending order in accordance with priority of service categories set forth below. Approved emergency gas is excepted from curtailment.
 1. Residential and small commercial Buyers (less than 50 MCF on a peak day) and essential human needs customers where there is no installed or available alternate fuel capability.
 2. Large commercial direct flame requirements (50 MCF or more on a peak day); firm industrial requirements for plant protection, feedstock and process needs; and storage injection requirements.
 - 3A. Firm industrial requirements for uses other than boiler fuel which do not qualify for Category 2.
 - 3B. Firm commercial and industrial boiler fuel requirements up to 1,000 MCF on a peak day.
 - 3C. Interruptible requirements for habitable need types of facilities such as public buildings, hospitals and laundries.
 - 3D. Interruptible requirements for direct flame applications which can utilize only another gaseous fuel as an alternate.

- 3E. Interruptible requirements for direct flame applications which can utilize a fuel other than a gaseous fuel as an alternate.
- 3F. Interruptible requirements for boiler fuel use of less than 300 MCF on a peak day.
4. (LEFT BLANK INTENTIONALLY)
5. (LEFT BLANK INTENTIONALLY)
6. Interruptible Boiler Fuel requirements of 300 MCF or more, but less than 1,500 MCF on a peak day, where alternate fuel capabilities can meet such requirements.
7. Interruptible Boiler Fuel requirements of 1,500 MCF or more, but less than 3,000 MCF on a peak day, where alternate fuel capabilities can meet such requirements.
8. Interruptible Boiler Fuel requirements of 3,000 MCF or more, but less than 10,000 MCF on a peak day, where alternate fuel capabilities can meet such requirements.
9. Interruptible Boiler Fuel requirements of 10,000 MCF or more on a peak day, where alternate fuel capabilities can meet such requirements.
10. Natural gas requirements of customers, who have an alternate fuel as their primary energy source, but use natural gas as a standby fuel.
- b. Curtailment will be in descending order beginning with Category 10 (i.e. Category 1 is the highest priority).
- c. A delamination of this category in which a Buyer is placed will be made each year based upon usage in the preceding twelve months ending August 31 and/or current contract as of the same date. The placement of a Buyer in a category in accordance with the delamination made herein will be effective November 1 of the current year, extending through October 31 of the following year. A moving base period will be used each year with such base period to include the preceding twelve months ending August 31 of the current year. Reclassifications in categories will be effective on November 1 of the current year. Where a reclassification is necessary, the affected Buyer will be notified of such reclassification prior to November 1 of the current year.
- d. Where daily volumes are not available to make the delamination of the 50 MCF/day required in the Curtailment Plan, then requirements shall be determined by taking those Buyers having actual usage of 1000 MCF or more per month for any month during the previous twelve (12) month period ending August 31. Such month's use will be divided by the number of days during that specific billing cycle. By means of this average daily volume thus obtained, the Buyer will be placed in the appropriate category. Where daily volumes for the peak month in the base period are available to make the required delamination, then such volumes will be used.
- e. Any new Buyer added during any base period will be placed in the appropriate category by the Seller in accordance with the best information available.

Article IV SCOPE OF AGREEMENT

1. Seller's natural gas operations are regulated by the Commissions and are subject to "Rules and Regulations Governing Service Supplied by Gas Systems in South Carolina" as amended from time to time. Deliveries of gas hereunder are subject to total or partial interruption or interruption by Seller pursuant to operating procedures as now, or may hereafter be, prescribed by the Commission. Buyer hereby expressly acknowledges that Seller shall not be liable in damages for, or on account of, any curtailment or interruption of deliveries where such curtailment or interruption is the result of, or pursuant to, operating procedures by the Commission directing curtailment or interruption of service.
2. Buyer shall consult with and furnish to the Seller such information as the Seller may require to determine the availability of service at a particular location before proceeding with plans for any new or additional gas loads. No new or additional gas loads will be served if it is determined that such service will jeopardize service to existing customers by increasing the total system's firm load requirements above available supplies.
3. Deliveries of "Firm Gas" up to the Maximum Daily Quantity set forth in the Service Agreement, shall be firm and shall not be subject to curtailment or interruption by Seller except that caused by Force Majeure, operating conditions beyond Seller's control, or where such curtailment or interruption is the result of, or pursuant to, operating procedures prescribed by the Commission. Deliveries hereunder shall have priority over all deliveries made by Seller on an interruptible basis.
4. Deliveries of "Interruptible Gas" shall be subject to curtailment or interruption by Seller at any time and from time to time when, in Seller's sole judgment, it does not have gas available, and Buyer hereby expressly acknowledges that Seller shall not be liable in damages for, or on account of, any curtailment or interruption of deliveries. Seller agrees to give Buyer not less than two (2) hours notice of curtailment or interruption in writing or orally in person or by telephone; provided, however, that if curtailment or interruption is determined by an event of Force Majeure affecting the Seller's system, Seller shall be obligated to give only such notice as is practicable in the circumstances. Seller agrees to communicate curtailment notices to one of the person designated from time to time by Buyer as authorized to receive such notices if Buyer has not made such designation, or if Seller is unsuccessful in its efforts to promptly communicate with the persons so designated, then said notice shall be sufficient if given by Seller to any person who is on Buyer's premises or who answers Buyer's telephone. Whenever, and to the extent that the Seller is unable to deliver the gas requirements of this Buyer, the Buyer shall have the right to purchase gas or other fuel sufficient to make up such deficiency from other source or sources as may at the time be available to Buyer.
5. Gas taken by a Buyer of "Firm Gas" on any day, without Seller's advance approval, which exceeds Buyer's Maximum Daily Quantity shall be considered to be Unauthorized Overrun Gas. Seller shall bill, and Buyer shall pay, for such Unauthorized Overrun Gas at the following rates, in addition to all other charges payable to Seller hereunder:
 - (a) For the first three percent (3%) of the Maximum Daily Quantity, the Unauthorized Overrun Gas shall be paid for at 1.25 times the Base Rate set forth in the Service Agreement, and
 - (b) For the next two percent (2%) of the Maximum Daily Quantity, the Unauthorized Overrun Gas shall be paid for at 1.50 times the Base Rate set forth in the Service Agreement, and
 - (c) For additional quantities the Unauthorized Overrun Gas shall be paid for at 1.50 times the Base Rate set forth in the Service Agreement.
 The payment of an Overrun Penalty shall not, under any circumstances, be considered as giving Buyer the right to take Unauthorized Overrun Gas, nor shall such payment be considered to exclude or limit any other remedies available to Seller or another Buyer against the offending Buyer for failure to comply with its obligations to stay within its Maximum Daily Quantity.
6. Any gas taken by an Interruptible Buyer after the effective hour of an order calling for curtailment of all interruptible gas hereunder shall be billed pursuant to Article VII(B)(X) of the Company's then applicable General Terms and Conditions for natural gas service.
7. The Public Service Commission of South Carolina has prescribed the following operating procedures in regard to the curtailment of interruptible service by Seller. During the period when operating conditions require curtailments in any type of interruptible service, Seller shall curtail deliveries of gas without discrimination within each use priority of service categories established by the Public Service Commission of South Carolina and pursuant to curtailment instructions received from its supplier or suppliers made in accordance with General Terms and Conditions to the Service Agreement between Seller and its supplier or suppliers and any subsequent modification or amendment thereof.
8. Buyer agrees that all gas delivered hereunder shall be used by the Buyer and that no portion thereof shall be resold.

Article V QUALITY

1. The gas delivered hereunder shall be natural gas or any mixture of natural and manufactured gas, including but not limited to, synthetic gas or liquefied petroleum gas as provided for in Paragraph 3 hereof; provided, however, that moisture, impurities, helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Buyer. Seller may subject or permit the subjection of the gas to compression, heating, cooling, cleaning, or other processes which are not substantially detrimental to the merchantability of the gas.
2. The gas delivered hereunder shall have a total heating value of not less than 950, nor more than 1,400 BTU's per cubic foot of dry gas, and be reasonably free of moisture, objectionable liquids and solids so as to be utilized immediately upon delivery to Buyer, and shall contain not more than 200 grains of total sulphur, nor more than 15 grains of hydrogen sulphide per MCF.
3. Seller may permit its suppliers or it may itself supply gas from any stand-by equipment installed by it or by its suppliers, provided that the gas so supplied shall be reasonably equivalent to the natural gas supplied hereunder, and adaptable for use by Buyer without the necessity of making other than minor adjustments to fuel burning equipment.
4. If the natural gas delivered for delivery by Seller shall fail at any time to conform to any of the specifications set forth in the Article V, Quality, then Buyer agrees to notify Seller thereof and Buyer, thereupon, may at its option refuse to accept delivery pending correction by Seller. Upon Seller's failure to promptly remedy any deficiency in quality as specified herein, then Buyer may accept delivery of such natural gas and make charges necessary to bring such gas into conformity with such specifications and Buyer shall then deduct from future payments any reasonable expenses incurred by it in effecting such change as agreed to by both parties.
5. Odorization of gas delivered hereunder is not required of Seller. However, nothing in these Terms and Conditions shall preclude Seller from odorizing such gas if Seller so desires or if Seller is required by federal or state regulatory agencies to perform such odorization.

Article VI MEASUREMENTS

1. The volumes and total heating value of the gas delivered hereunder shall be determined as follows:
 - (a) The Unit of Volume shall be a cubic foot of gas.
 - (b) When orifice meters are used, volumes delivered shall be computed in accordance with the specifications, formulae and tables published April 1955, as Gas Measurement Committee Report No. 3 of the American Gas Association, and any modifications and amendments thereto; Bid shall include the use of flange connections.
 - (c) All volumes delivered shall be corrected to the pressure base of 14.73 psig and temperature base of 60° F. The average absolute atmospheric pressure shall be assumed to be fourteen and seven tenths (14.7) pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.
 - (d) The temperature of the gas shall be assumed to be 60 degrees Fahrenheit (60°) unless Seller elects to install a recording thermometer or thermometer connecting device. If a recording thermometer is installed, the arithmetical average of the 24 hour period will be used to determine the temperature correction.
 - (e) The specific gravity of the gas shall be determined by a recording gravimeter of standard manufacture installed in a suitable location. Where a recording gravimeter is not used, the specific gravity of the gas shall be assumed to be the same as that of Seller's supplier(s).
 - (f) The total heating value of the gas delivered hereunder may be determined by Seller by using a standard type of recording calorimeter, spectrometer, chromograph, or other approved instrument which shall be so located, at a suitable point on Seller's line, in order that the BTU content of gas delivered hereunder may be properly obtained. Where required, daily reading from the record so obtained shall be corrected to the basis of measurement provided and from a saturated basis to the average moisture content of the gas delivered, the result being the BTU content of the gas delivered during the billing period. In the event that Seller does not install a recording instrument for such determination or its instrument is not operating properly, the total heating value shall be determined from a recording calorimeter or comparable instrument properly installed and operated by Seller's supplier of natural gas, provided, such values are applicable to the gas that may be delivered to the Buyer.

Article VII MEASURING EQUIPMENT

1. Seller will maintain and operate, at its own expense and at the point of delivery of gas hereunder, a meter or meters and other necessary equipment by which the volume of gas delivered hereunder shall be measured. Such meters and equipment shall remain the property of the Seller.
2. Buyer agrees to furnish to Seller electricity for operating Seller's meters, at no cost to Seller.
3. Buyer hereby grants to Seller suitable rights-of-way and easements necessary or incidental for the installation, maintenance, operation and removal of pipelines and other facilities together with rights of ingress thereto and egress therefrom at all times and hereby agrees to deliver to Seller, for the sum of one dollar (\$1.00), an appropriate instrument or grant defining such rights and easements located on Buyer's plant site.
4. Buyer may install, maintain and operate such check measuring equipment, including a recording gravimeter and calorimeter as it shall desire, provided that such equipment shall be so installed so as not to interfere with the operation of Seller's measuring equipment at or near the point of delivery. However, all billings to the Buyer shall be based on the metering of the Seller, subject only to the provisions of Paragraph B of this Article.
5. Each party shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring deliveries hereunder and each party shall advise the other of any intended major maintenance operation sufficiently in advance in order that the other party may conveniently have its representative present.
6. All installation of measuring equipment, applying to or effecting deliveries hereunder, shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Orifice meter installations, if used, shall conform to the recommendations for design and installation contained in the Gas Measurement Committee Report No. 3 to the American Gas Association published April, 1955, and any modifications and amendments thereto and shall include the use of flange connections.
7. Measurement on Seller's meter or meters shall be conclusive of both parties except where the meter is defective or fails to register, or if found in error, in either of which case Seller shall repair or replace the meter at the time the quantity of gas delivered while the meter was out of order or failed to register shall be estimated: (a) By using the registration of any other meter installed and accurately registering, or, in the absence of (a): (b) By correcting the error or the percentage of error by calibration, test or mathematical calculation; or, in the absence of both (a) and (b) then: (c) By estimating the quantity of delivery from deliveries during periods under similar conditions when the meter was registering accurately; and an appropriate billing adjustment shall be made in accordance with the current Rules and Regulations governing gas systems issued by the Commission.
8. Seller will maintain its meters in good order and to this end will make periodic tests of its meters pursuant to the current Rules and Regulations governing gas systems issued by the Commission, and at such shorter intervals as seem to Seller desirable. If Buyer is dissatisfied with the above procedure, it may call upon Seller to have the meters tested in accordance with all regulations relating to such tests and results of such tests as found in the current Rules and Regulations governing gas systems issued by the Commission.
9. Each party shall preserve all records for a period of at least two (2) years.

Article VIII BUYER'S FACILITIES

1. Buyer will maintain at its own expense facilities from the delivery point to the point of use and the burners and equipment for using gas, and Buyer will at all times keep gas-using equipment on said premises in a condition conforming with such reasonable rules and regulations as may be prescribed therefore by regulatory authority having jurisdiction thereof and with the requirements of any valid law thereto applicable. In the event that rules are not prescribed by a regulatory authority, Buyer will abide by Codes as used in the gas industry.
2. Seller shall not approve sale of gas on an interruptible basis to Buyer until and unless Seller is satisfied that Buyer has, or will, install adequate stand-by facilities to meet its full fuel requirements during periods of sustained interruptions.
3. Seller shall not approve sales of gas to Buyer unless Seller is satisfied that Buyer has not, or will not interfere with downstream fuel piping of natural gas for use in different priority-of-service categories.

Article IX RATE ADJUSTMENTS

1. Taxes applicable to the gas delivered to Buyer hereunder as are in effect on January 1st immediately preceding the effective date of these terms and conditions shall be added to Buyer's bill. The term "tax" as used herein shall mean any tax, license fee, or charge applicable to the gas delivered hereunder, imposed on Seller by any governmental authority on such gas. If the existing rate of any such tax in effect on January 1st, immediately preceding the effective date of these terms and conditions, be hereafter increased or decreased, or if any tax heretofore in effect or hereafter imposed or repealed, the resulting increase or decrease in such taxes, computed on a cents per dollar therm basis, shall be reflected, as the case may be, on Buyer's bill.
2. Any applicable surcharge or special charges ordered by the Commission or any authority constituted regulatory body shall be included in addition to the price of gas computed in accordance with the terms of the Sales Agreement.

Article X BILLING

1. Bills computed from readings taken of Seller's meters shall be rendered and paid monthly, within ten (10) days of the billing date. A month shall mean a period beginning on the first recognized work day of the calendar month and ending on the first recognized work day of the next succeeding calendar month, or at such other equivalent period as Seller may deem necessary. Should Buyer fail to pay any amount due to Seller when same is due, a late payment charge of one and one half percent (1 1/2 %) will be added to any balance remaining twenty-five (25) days after the billing date. If such failure to pay continues, Seller may suspend deliveries of gas hereunder. The exercise of such right shall be in addition to any and all other remedies available to Seller.
2. If it shall be found that Buyer has been overcharged or undercharged in any bill whatsoever under the provision hereunder, Seller shall take action to correct such billing pursuant to current Rules and Regulations governing gas systems issued by the Public Service Commission of South Carolina.

Article XI POSSESSION OF GAS AND INDEMNIFICATION

1. As between the parties hereto, Seller shall be deemed to be in control and possession of the gas deliverable hereunder until it shall have been delivered to Buyer at the Point of Delivery after which Buyer shall be deemed to be in control and possession thereof.
2. Buyer shall indemnify and hold harmless the Seller from any and all loss (including death), damage, or liability incurred by the Seller by reason of any act of the Buyer, its agents or employees, in the receiving, use or application of said gas on the Buyer's side of the Point of Delivery unless the same shall be due to the sole negligence of the Seller, its agents or employees. The Seller shall indemnify and hold harmless the Buyer from any and all loss (including death), damage or liability incurred by the Buyer by reason of any act of the Seller, its agents or employees, unless the same shall be due to the sole negligence of the Buyer, its agents or employees.

Article XII WARRANTY OF TITLE TO GAS

1. Seller warrants the title to all gas delivered hereunder and the right to sell the same and that said gas shall be free and clear from all liens and adverse claims.

Article XIII FORCE MAJEURE

1. In the event of either party hereto being rendered unable wholly or in part by force majeure to carry out its obligations under this contract, other than to make payments due hereunder, it is agreed that on such party giving notice and full particulars of such force majeure in writing or by teletype to the other party as soon as possible after the commencement of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, wrecks, arrests, and restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery or line or pipe, freezing of wells or lines or pipe, partial or entire failure of source of supply, and any other causes whether of the kind herein enumerated or otherwise, notwithstanding the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, rights-of-way grants, permits, or licenses; and (b) in those instances where either party hereto is required to furnish materials and supplies to secure permits or permission from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire at reasonable cost within the exercise of reasonable diligence such materials and supplies, permits and permissions.
2. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party involved and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts according to the demands of opposing party when such course is inadvisable in the discretion of such party.

Article XIV MISCELLANEOUS

1. If either party shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of the Service Agreement of which these General Terms and Conditions are a part, (except where such failure shall be excused under any of the provisions of this Service Agreement), then in such event, the other party may, at its option, terminate this Service Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default, stating specifically the cause for terminating this Service Agreement and declaring it to be the intention of the party giving the notice to terminate the same; thereupon, the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy and remove said cause or causes and fully indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and this Service Agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the notice for any and all consequences of such breach, within said period of thirty (30) days, then this Service Agreement shall become null and void from and after the expiration of said period. Any cancellation of this Service Agreement pursuant to the provisions of this Article shall be without prejudice to the right of party not in default to collect any amounts then due and without waiver of any other remedy to which the party not in default may be entitled for violation of this Service Agreement.
2. The Service Agreement, of which these General Terms and Conditions are a part thereof, shall be binding upon and inure to the benefit of the Seller and the Buyer and their successors and assigns.
3. Except as otherwise provided, any notice, request, demand, statement or bill, which either Buyer or Seller may desire to give to the other shall be in writing and shall be considered as fully delivered when mailed by prepaid registered mail addressed to said party at its last known post office address, or at such other address as either party may designate in writing. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.
4. Buyer shall execute or file, or cooperate with Seller in the execution or filing of, any report, certificate or other document required by any governmental agency having jurisdiction over this contract or the parties hereto, or any other certificate or document requested by Seller necessary for Seller to obtain the benefit of any exemption from sales, use or other taxes. Buyer shall indemnify Seller for any loss sustained by Seller as a result of Buyer's breach of this covenant.
5. The parties hereto in executing the Service Agreement and these General Terms and Conditions, acknowledge that these General Terms and Conditions are a part of the Service Agreement.

Buyer: SC Pet Food Solutions, LLC

Seller: South Carolina Electric and Gas Company

By: [Signature]

By: William G. Watkins

Title: Director

Title: Manager - Large Customer Accounts & Services

Date: 2/19/18

Date: 2/19/18

ORIGINAL



FIRST AMENDMENT TO
AGREEMENT FOR TRANSPORTATION SERVICE
WITH FIRM GAS STANDBY

This First Amendment to Agreement for Transportation Service with Firm Gas Standby ("First Amendment") is made and entered into effective February 23, 2018 ("Effective Date"), by and between South Carolina Electric & Gas Company ("Company") and SC Pet Food Solutions, LLC ("Customer").

RECITALS

A. Company and Customer are entering into an Agreement for Transportation Service with Firm Gas Standby (the "Original Agreement") for the provision of natural gas utility service to its facility located at 1299 Duncan Road, Ward, South Carolina 29166 ("Premises").

B. The Original Agreement and this First Amendment, together with any documents expressly incorporated in the Original Agreement, and this First Amendment, are referred to herein collectively as the "Agreement." The Agreement constitutes the sole and entire agreement between the parties and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

C. Customer has requested and Company has agreed to make certain changes in the Agreement.

Now, therefore, for and in consideration of the mutual promises contained herein, the parties, intending to be legally bound, agree as follows:

AGREEMENT

1. The recitals set forth above are an integral part of this First Amendment. All capitalized terms used in this First Amendment shall have the same meaning as in the Original Agreement unless otherwise specified.

2. The following Provision is added as Paragraph 11 (A) on Page 8 of the Original Agreement:

CONTRIBUTION IN AID TO CONSTRUCTION ("CIAC") Company has agreed to tap into the interstate natural gas pipeline located approximately four (4) miles from Customer's site in Saluda County and construct a "town border" station near the tap site. Company has also agreed to construct a new four inch (4") steel natural gas line approximately four (4) miles from the town border station to the project site as well as installing a new metering and regulating station on site to service Customer requirements.

Company has presented, and Customer has agreed to pay within fifteen (15) days of Customer's receipt of the fully executed Agreement and this First Amendment a CIAC in the total amount of Nine Hundred Eighty Four Thousand, Five Hundred Twenty Four Dollars and No Cents (\$984,524.00).

Company will not move forward on the construction as specified above until the CIAC has



FIRST AMENDMENT TO
AGREEMENT FOR TRANSPORTATION SERVICE
WITH FIRM GAS STANDBY


been paid. In addition, the provisions the of the Natural Gas Letter of Intent dated December 8, 2017 are extended until payment of the CIAC has been received by the Company. For the avoidance of doubt, Customer acknowledges that if it does not pay the CIAC and construction does not move forward, Customer shall reimburse SCE&G up to \$300,000.00 for costs previously incurred.

Upon receipt of payment of the CIAC by the Company, this Paragraph 11 (A) is deleted in its entirety.

Except as modified by this First Amendment, the Agreement is ratified and confirmed in all respects.

IN WITNESS WHEREOF, Company and Customer have executed this First Amendment effective as of the day and year first above written.

SC Pet Food Solutions, LLC

By: 

Print Name: Bradley Binkley

Its: Attorney

South Carolina Electric & Gas Company

By: 

Print Name: William G. Watkins

Its: Manager - Large Customer Accounts & Services